

February 1, 2007

Lester Snow, Director  
California Department of Water Resources  
P.O. Box 942836, Room 1115-1  
Sacramento, CA 94236-0001

Dear Director Snow:

The Fallbrook Public Utility District (FPUD) strongly opposes the recent Department of Water Resources (DWR) staff proposal to summarily abandon the Proposition 50, Cycle 2, Grant Application process in favor of awarding grant funding to the nine proposals that were not selected during Step 2 of Cycle 1. The proposal is inconsistent with the November 2004 Grant Program Guidelines that were prepared with extensive stakeholder input. The guidelines clearly state that there would be two open and competitive funding cycles. Changing the rules of the program in the middle of the funding process unfairly denies regions such as San Diego an opportunity to compete for these funds.

In addition, the FPUD disagrees with any proposal to combine Proposition 50 and Proposition 84 funds. The funds must be kept separate, and the state must recognize that the voters of the state passed two separate and independent measures. The funding process must provide fair access for all regions of the state to both Prop 50 and Prop 84.

FPUD has been working for decades to bring the Santa Margarita River Conjunctive Use Project to fruition. We are close to completing the environmental documentation and preliminary design all that's left is financing. We have been working diligently within the prescribed IRWMP process to position this project to receive funding from either or both Prop 50 and 84. Considerable effort has been expended to be able to get into the second cycle of Prop 50 financing. Your staff's proposal to summarily award \$132M of cycle two's funding to nine projects considered but unfunded in cycle one is an over-reaching of administrative power and is just plain wrong. Rules are meant to be followed, not changed in the middle of the game.

The FPUD strongly urges DWR and the SWRCB to follow the established guidelines for distribution of Proposition 50 grant funding.

Thank you for your consideration.

Sincerely,

Keith Lewinger  
General Manager

cc San Diego County Legislative Delegation  
Tracie Billington, Department of Water Resources  
Shahla Farahnak, State Water Resources Control Board